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CROW'S NEST PASS DEVELOPMENT

Address by

HON. GEO. A. COX

President of the Crow's Nest Pass Coal Company

The need of a better Railway connection with the American market

CROW'S NEST PASS DEVELOPMENT

COAL, COKE AND SMELTING ENTERPRISES

THE NEED OF A BETTER RAILWAY CONNECTION
WITH THE AMERICAN MARKET

THE RAILWAY SITUATION AT THE CROW'S NEST PASS COAL FIELDS.

AN application has been made to the Dominion Parliament by Hon. Geo. A. Cox and Messrs. Elias Rogers, Henry M. Pellatt, J. W. Flavelle, E. R. Wood and A. E. Ames for a charter to build a railway from the coal fields of the Crow's Nest Pass to the American boundary. The road is essential to the proper development of these coal areas, as it will give access to the only available market for the contemplated output, and will afford an opportunity for the establishment of smelting industries on the Canadian side. At the annual meeting of the Crow's Nest Pass Coal Company, in Toronto, on March 1, 1901, the President, Senator Geo. A. Cox, fully explained the situation and showed how far the develop-

ment of coal mining, coke production and smelting was dependent on the establishment of needed railway connections. The following is the full text of his address:

Intended outlays on coal and coke production.

"In congratulating you upon the success of the last year's operations, it may be worth while to refer to the erroneous ideas that have gone abroad with regard to the management and control of the Crow's Nest Pass Coal Company. We are, in every respect, a Canadian enterprise, with a large majority of Canadian stockholders, under Canadian control and management, and are giving employment to a great force of labor on Canadian soil. We are developing Canada's natural resources in one of the most important economic minerals, and are building up an immense Canadian industry, which is bringing wealth to the Dominion, and which, we feel assured, will constitute a most important factor in the Canadian industrial development of the future, unless our operations are restricted by a limited market and inadequate railway facilities.

"It affords me great pleasure to announce that we are prepared to proceed at once with

construction and development work involving an immediate expenditure of $835,000, and we already have this money in the treasury of the company for this purpose. This large sum does not include the railway project, to which I will refer later, but will be devoted exclusively to development work, the building of coke ovens, dwellings, offices and other works in connection with the coal and coke industry of the company. We intend to build at Fernie, Michel, and at another suitable point, 720 coke ovens, which will involve an expenditure of $540,000 under this head alone. We will then have 1,032 ovens, which will increase our capacity for coke production from over 450 tons per day, as at present, to more than 1,500 tons per day. Our expenditure will also include more than a quarter of a million dollars on mine improvements, offices and miners' dwellings. These expenditures and the extensive mining and coke-producing operations that are to follow will create and maintain two new towns in the coal district as large as Fernie, which now owes its existence to the works carried on by this company.

An Outline of the Company's projects.

"There is a prospective demand, provided we obtain access to the American market, as I shall hereafter mention, for 4,500 tons of coal per day within a year, and in three years we expect to increase our output to about 6,000 tons of coal per day, a large portion of which will be converted into coke in our ovens, and within five years we expect to have a pay-roll of fully $10,000 per day, which will be sufficient to maintain three important industrial centres in the coal district.

Importance of Mining Development.

"All business men will at once realize how important such a development will be to the country at large, as mining camps are invariably extensive consumers of supplies. Not only will there be the direct employment for several thousand Canadian working-men, but a new and most extensive demand will be created for the products of Canadian factories in the East, and the food supplies from the western farms and cattle ranches.

"It is only fair to you, however, to state that the present demand of British Columbia for coal and coke would not justify any such expenditures as we propose to make. This is

self-evident when I state that the present demand of British Columbia does not exceed one thousand tons of coal and coke per day, and we cannot expect this demand to increase in the near future, even under most favorable conditions, so as to justify such expenditures.

"In order that we may proceed with this development, it will be absolutely necessary to secure access to the American markets by a route that will put us in a position to successfully compete with the coal and coke producers already in the field. If denied access to the American markets, except by roundabout routes, if delayed in our operations by legislative obstruction, if prevented in any way from cutting down the cost of production to the narrowest possible margin, our success in the field will be proportionately cramped, and it will be quite impossible to undertake the development now proposed.

"Recognizing, therefore, the necessity of obtaining direct access to the adjacent markets of the United States, an application has been made to Parliament by five of your directors for a charter to build a railway from the coal

fields to the boundary, where it is intended to connect with a spur line from Jennings on the Great Northern Railway.

"This is simply an effort to secure an entrance, by the best possible route, to an almost unlimited market for coal and coke, where we must meet the keenest competition. And without this market any large development of these British Columbia coal fields will be practically impossible.

"The fear has been expressed in some quarters that the establishment of railway connection between the Crow's Nest coal fields and the Great Northern Railway system will deprive the Canadian mining and smelting industries of a supply of coal and coke, and that the company may create a shortage in the Canadian supply to benefit American smelting interests. These fears are groundless. From geological reports it appears that there are over 250,000 acres of coal lands in the Crow's Nest country, containing a supply of coal which is conceded by all authorities to be practically exhaustless, it being estimated that there are in this area 20,000,000,000 tons

Extent of the coal deposits.

of coal. This would admit an output of 10,000 tons per day, allowing 300 working days per year for over 6,000 years. This is entirely independent of the immense coal areas in Alberta and in other parts of British Columbia.

"We are at present prepared to enter into time contracts with the smelters of British Columbia to supply any quantities of coal or coke they may require; but so far as the local supply is concerned, its safety can be best assured by such development of the Crow's Nest mines as will be made possible by the building of the proposed line.

"Successful operation of the mines on a large scale would be impossible if our market were limited to British Columbia, and it were subject to the fluctuations we have experienced this last year.

"With an immense coal and coking industry in operation, turning out from six to ten thousand tons of coal a day, the British Columbia smelters now in operation could close down or open up without notice, as often as they might feel inclined, and the change would not be felt.

The smelters now in operation on the Canadian side only require about 300 tons of coke per day. If we are restricted as to markets, there will be higher initial cost, risk of suspension through accidents, difficulty in securing labor, and in meeting any variation in the demand.

There will be opposition to meet.

"Although there is an immense area of coal in the Crow's Nest country that is of the best quality for coking, we should not harbor the delusion that this district has all the coking coal on the continent. There will be competition from the existing sources of supply—from Cokedale, on Puget Sound, Pennsylvania, West Virginia, Utah and Colorado. There are also immense coal deposits in Montana, Washington, and other places, which may prove, when tested, to be of good coking quality.

"To enter and hold this market, which means from 5,000 to 6,000 tons of coal per day, the Crow's Nest Pass Coal Company must have the best railway facilities available, and that is why it is absolutely necessary to build the proposed spur.

"There is hardly any industry so universally

beneficial to a country as coal mining and coke making for export trade. The coal and coke are both brought to the last stage of perfection before being shipped out. All labor is expended on them in the country, and there is nothing further to be done with them except to consume them. Not so with logs, not so with lumber, not so with pulp, with wheat, with wool, and with many other products exported. Every dollar that comes into the country in return for coal or coke exports makes the country just that much richer. The farmer, the rancher, the miller, the merchant and the manufacturer will all profit. There will also be an enormous direct revenue to the British Columbia Government from the royalty. That Government is now deriving a revenue of about $100.00 a day from our present operations.

Smelting enterprises in prospect.

"In addition to the development of the coal and coke industry, the proposed railway will open up a prospect, and an assured prospect, of smelting development, which will prove, from a public standpoint, of the very greatest importance.

"The success of the smelting industry depends upon the ability to assemble the various materials essential to profitable smelting at the lowest possible cost, and if the proposed line of railway is built, connecting the Crow's Nest fields with the American railway systems, the balance of advantage will be decidedly in favor of the Canadian side as the place for establishing a large and profitable smelting industry. The Canadian people have but to improve their opportunity, to stand out of the way and let the good fortune in.

"In order to illustrate what I have said, permit me to point out how suitable a place Fernie, or some point adjacent thereto, would be for the establishment of a smelting industry. There we have the coke, without any charge for hauling, while to carry it to any smelting point south of the line would involve a hauling charge, as well as the payment of the American duty. The limestone required is to be found at Fernie, with no expense except the cost of quarrying.

"The lead ores of southern British Columbia are now seeking a market, which is almost

impossible for them to find, and those adjacent to the coal fields could, at a trifling cost for transportation, be laid down at Fernie, or some other convenient point. The dry ores necessary to make workable and profitable mixtures and blends are not at present to be obtained in British Columbia, but are to be found through the adjacent mining States along the lines and connections of the Great Northern and Northern Pacific Railways; and the ore cars taking the coal and coke from the mines at Fernie to supply the railways and established industries in these States, instead of coming back empty, would, at a low cost for transportation, bring back these dry ores to such a smelter. There is no point south of the boundary line where a smelting industry could so easily or so profitably be established.

The best point to assemble ores.

"If a smelting industry were established south of the line, there would be, as above mentioned, the cost of transportation of the coke to the site of the smelting industry; the duty on this coke entering the United States; the cost of transporting the lead ores from British Columbia to the site of the proposed

smelter, and the American duty on the lead ores entering the United States, which, upon the quality of ore found in some of the best mines in British Columbia, would probably be about $9.00 per ton.

"Simply on the item of transportation, there would be the serious handicap of the ore cars bringing down the coke and ore from British Columbia to a smelter on the American side being compelled to return empty, and this would necessarily entail a proportionately higher freight rate.

"Not the least important factor in the situation is the fear in the minds of American capitalists interested in the mining industry of the West that an export duty may be put upon ores by the Canadian Government, and this would cripple any smelting industry established on the American side dependent upon Canadian ores as its source of supply.

"That this is not simply theory, but the mature judgment of practical smelting men, is evidenced by the fact that we have the most positive assurances from a smelting man of large capital and experience, that if we obtain

the proposed railway connection he will at once commence the erection of a large smelting plant in British Columbia adjacent to the coal fields; and we have assurances scarcely less definite from others of the establishment of three or four more smelting industries at other suitable points in southern British Columbia. provided the proposed road is built.

"The prospect, therefore, for southern British Columbia would appear to be exceedingly bright. Once the charter for the railway is assured, the construction of the coke ovens, the building of the homes for the miners, and the virtual establishment of two new towns in southern British Columbia, will await only the opening of the season. Scarce more time will elapse, from the assurances we now have, before more than one large smelting industry will be put under way, and hundreds of thousands of dollars will be invested in developing this important industry in that country.

"With improved transportation facilities, as well as the improved smelting facilities, which would be secured, a smelter could

secure freight charges and give rates for treatment that are now impossible.

Success depends on reducing expenses.

"It is hardly necessary to dwell at length on the resultant benefits to mining and other enterprises in British Columbia. These benefits are self-evident. In every lead mine there are masses of ore that will not pay at the present rate for treatment; in every camp there are propositions and mines just too lean to tempt operators or investors. Every dollar taken off the charge for treatment means thousands of tons more of ore available, and proportionately swells the pay-rolls of every camp. Every dollar of reduction in smelter charges widens the pay streak of every mine, and brings new mines within the paying class.

"It would be a great misfortune to British Columbia and to the Dominion at large if this opportunity should be lost, through the failure to secure adequate means of transportation. There are rival projects south of the boundary. Immense coal areas in the States of Washington and Montana are in process of development, and if the parties interested in these properties once secure possession and control

of the market in these States for coal and coke, I fear the coal and coke of British Columbia will stand a very poor chance of ever taking it from them.

"The promoters of this railway ask no cash bonus or land grant of any kind; they simply desire the opportunity of expending their own money to construct a railway which will be of great public benefit.

"We now have a prospect of building up a city as large as Butte in the Crow's Nest coal district; and I cannot think it possible that either the Parliament of Canada or the Legislature of British Columbia will place any barrier in the way of the industrial development of our country, or will adopt a course which may delay that development half a century. I, therefore, look forward with confid[illegible] a charter being granted; and, this being done, the development which I have outlined will be at once proceeded with; but unless the charter is granted the development outlined cannot be undertaken."

THE LOCALITIES INTERESTED ARE STRONGLY IN FAVOR OF THE PROPOSED RAILWAY.

THE opinion of the Associated Boards of Trade of eastern British Columbia shows how the project is viewed in the localities directly interested. At the meeting held in Greenwood, B.C., February 28th, 1901, representing, as declared by the resolution, every town in the metalliferous portion of eastern British Columbia and every enterprise whose success depends on the development of mineral resources in that part of the Province the question was fully considered in all its bearings. Not only did the Associated Boards of Trade make a general declaration in favor of free trade in railways but they alluded specifically to the projected line from

the Crow's Nest Pass coal fields to the American boundary and decided to petition Parliament to grant the charter applied for. The following is the full text of the resolution, which was carried by a vote of 33 to 5:

Position of the Boards of Trade.

"Whereas several applications have been made to the Dominion Parliament and Provincial Legislature for acts incorporating railway companies to build lines of railway into the Province of British Columbia from the United States.

"And whereas interested parties are strenuously endeavoring to create the impression that such railways, if constructed, would be inimical to the mining and smelting interests of this Province.

"And whereas, in furtherance of their designs, the opponents of the competitive railways have proclaimed that those interested in mining and smelting in British Columbia are opposed to the granting of said charters.

"Therefore be it resolved, that the Associated Boards of Trade of eastern British Columbia, representing every town in the metalliferous portion of eastern British Colum-

bia, and every enterprise whose success depends upon the development of its mineral resources, emphatically declare for 'free trade in railways,' and believe that every *bona fide* railway company desirous of building railways in the Province should be allowed to do so.

"And be it further resolved, that this association is strongly of the opinion that cheap freight rates are essential in building up the mining and smelting industries, and, in the absence of government ownership of railways, these can be secured only by competition, and the control of rates through a railway commission or other effective instrument.

Low freight rates a necessity.

"And be it further resolved, that this association petition the Dominion Parliament and the Provincial Legislature to grant the charter applied for by the Crow's Nest Pass Coal Company, and those applied for by other companies who ask for nothing beyond the privilege of constructing railways in this province.

"And be it further resolved, that copies of this resolution be printed and forwarded to the members of the Dominion and Provincial

Governments, the members of the House of Commons, the Senate and the Provincial Legislature."

This declaration of the views of the leading interests of the Province should not be disregarded. The men who compose the Associated Boards of Trade are directly interested in the welfare of the mining districts, and they thoroughly understand the situation. Their views should have weight when Parliament is dealing with the applications for this railway charter, especially when no subsidy or other favor is requested by the investors.